

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:495
ANSWERED ON:03.12.2004
STATE FINANCIAL CORPORATION
Patil Shri Prakash V.

Will the Minister of FINANCE be pleased to state:

- (a) whether Maharashtra Government has sought intervention of the Union Government in the capital restructuring of State Financial Corporation as per recommendations of Gupta Committee;
- (b) if so, the details thereof and whether the Government had rejected the proposal in 2002;
- (c) whether it is also a fact that the State Government have requested for review of the earlier decision; and
- (d) if so, whether the request is under consideration of the Government?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a):- Yes, Sir.

(b):- The then Chief Minister of Maharashtra, vide his letter dated 6th December, 2001 to the then Union Finance Minister, sought intervention of the Union Government in the capital restructuring of State Financial Corporations, including Maharashtra State Financial Corporation, as per recommendations of Gupta Committee. Maharashtra Government was advised vide letter dated 6 May, 2002 that State Government being the main stakeholder in SFC, may take steps for improving the performance of the SFC and for its recapitalisation. Meanwhile, on the encouragement of the Central Government, Small Industries Development Bank of India has undertaken restructuring of past loans of SFC's and has granted substantial concessions for future lending.

(c) & (d):- Central Government has not received any request for review of the decision mentioned above.